

Submissive and Provocative CEOs Under Competitive Attack

Organizations should and often do consider the characteristics of their opponents, or competitors, in determining their own strategic moves. Recent research in the *Strategic Management Journal* suggests that companies should also consider others' perceptions of its own leadership. Perceptions of a firm's CEO as submissive or provocative may lead competitors to view the CEO as a target and institute competitive attacks against their firms. Submissive CEOs are seen as more unwilling or unable to respond to attacks, while provocative CEOs' characteristics threaten others and provoke aggressive acts.

Key Takeaways:

- A firm whose CEO is perceived as more submissive faces twice as many pricing and product related attacks, as well as 64% and 48% more marketing and expansion related attacks.
- Firms led by a more provocative CEO see greater pricing (50% more), product (27%), marketing (35%), and expansion (58%) attacks.

The researchers assessed CEO submissiveness and provocativeness through examination of publicly available video interviews for 102 CEOs in Fortune 500 firms over 17 years. They then compared third-party perceptions of CEO submissiveness and provocativeness to competitive attacks against the CEO's firm related

to four areas: 1) pricing, 2) products, 3) marketing, and 4) expansion. The authors find that companies with CEOs perceived as more submissive face twice as many pricing and product attacks, as well as 64% more marketing attacks and 48% more expansion attacks. Firms with CEOs seen as more provocative also face greater pricing (50% more), product (27%), marketing (35%) and expansion (58%) attacks by competitors.

In summary, video assessments suggest that CEOs project characteristics that indicate submissiveness and provocativeness. CEOs seen as having these characteristics are more likely to find their firms attacked by competitors across multiple domains. The authors argue that understanding how the organization and its leadership is perceived is critical to evaluating how competitors might initiate strategic actions.

Source: Hill, A.D., Recendes, T., & Ridge, J.W. 2019. Second-order effects of CEO characteristics: How rivals' perceptions of CEOs as submissive and provocative precipitate competitive attacks. *Strategic Management Journal*, DOI: 10.1002/smj.2986.

